

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 18016
[REDACTED],)	
)	DECISION
Petitioners.)	
_____)	

On February 26, 2004, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable year 1999 in the amount of \$3,495.

The taxpayers filed a timely appeal. They did not submit additional information and did not request a conference. Therefore, the Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Tax Commission records showed the taxpayers met the state income tax filing requirements but had not filed an Idaho return for 1999. The Bureau attempted to contact the taxpayers for an explanation, but they did not respond to the inquiries.

[Redacted] Idaho Code § 63-3045 (1)(a) states:

63-3045. Notice of redetermination or deficiency -- Interest. (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

Because the taxpayers had not filed a 1999 Idaho income tax return, the Bureau prepared a return on their behalf and sent them a Notice of Deficiency Determination. The taxpayers appealed the determination in a letter signed by both taxpayers saying:

This is my written petition on state tax for the year 1999. We are currently working on this and getting info for that year. I am not sure how this happened but I can assure you that we are trying our best to fix the situation. Thank you.

The Bureau wrote the taxpayers a letter acknowledging their protest and asking them to submit the missing return by May 31, 2004. A second letter dated two months later again asked for the missing return. The taxpayers did not respond to either letter.

The taxpayers' file was transferred to the Legal/Tax Policy Division for administrative review. The Tax Appeals Specialist sent the taxpayers a letter explaining their options regarding their appeal. However, the letter did not prompt the taxpayers to contact the Tax Commission.

Tax Commission records show that during 1999 the taxpayers were Idaho residents with Idaho sourced income in excess of Idaho's filing requirement. The taxpayers' 1999 Idaho return has not been filed. These facts the taxpayers do not dispute.

The Bureau calculated the Idaho tax amount using the taxpayers' income that was reported to [Redacted] and the Idaho Department of Labor. The standard deduction and three personal exemptions were used in the calculation of Idaho tax. Withholding identified in Tax Commission records reduced that tax amount. However, the Bureau failed to allow the three grocery credits the taxpayers were entitled to claim as a deduction from their state income tax.

The Bureau added interest and penalty pursuant to Idaho Code §§ 63-3045 and 63-3046. The Tax Commission reviewed those additions and found them proper and in accordance with Idaho

Code.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

Adjustment to the Bureau's determination of tax, penalty, and interest is made to reflect allowance for the three grocery credits.

WHEREFORE, the Notice of Deficiency Determination dated February 26, 2004, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest for 1999.

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$2,241	\$560	\$671	<u>\$3,472</u>

Interest is computed through September 15, 2004.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is enclosed with this decision .

DATED this ____ day of _____, 2004.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2004, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]